

Loveland City School District

Five Year Forecast Financial Report

November, 2021

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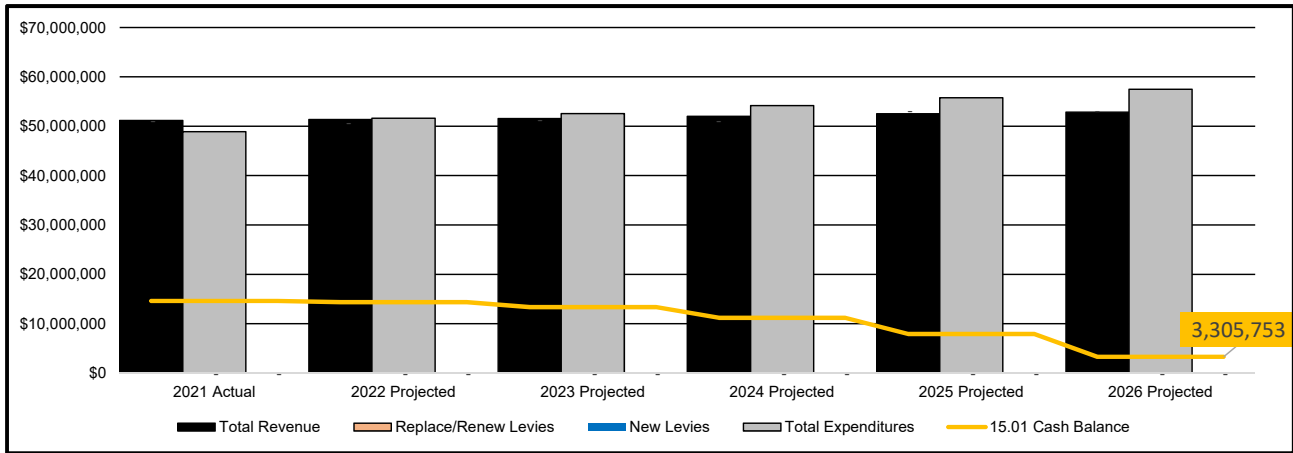
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Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	14,622,098	14,363,995	13,359,811	11,188,607	7,941,818
+ Revenue	51,343,318	51,539,550	51,997,772	52,508,093	52,851,114
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(51,601,420)	(52,543,734)	(54,168,976)	(55,754,883)	(57,487,179)
= Revenue Surplus or Deficit	(258,102)	(1,004,184)	(2,171,204)	(3,246,790)	(4,636,065)
Line 7.020 Ending Balance with renewal/new levies	14,363,995	13,359,811	11,188,607	7,941,818	3,305,753

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(258,102)	(1,004,184)	(2,171,204)	(3,246,790)	(4,636,065)
Ending Balance w/o Levies	14,363,995	13,359,811	11,188,607	7,941,818	3,305,753

In FY 2022 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$258,102 in FY 2022. By the last year of the forecast, FY 2026, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$4,636,065. The district would need to cut its FY 2026 projected expenses by 8.06% in order to balance its budget without additional revenue.

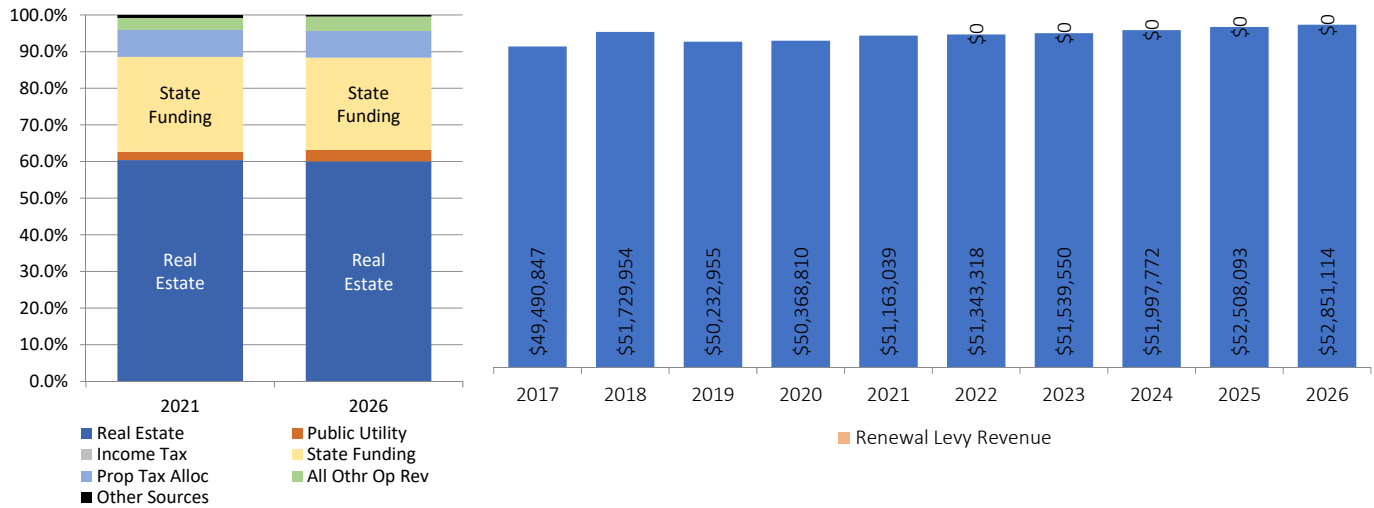
The district's cash balance is positive at year-end in FY 2022 and is projected to worsen by FY 2026. A worsening cash balance can erode the district's financial stability over time.

This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$398,145 in FY 2022. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a guarantee district in FY 2022. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

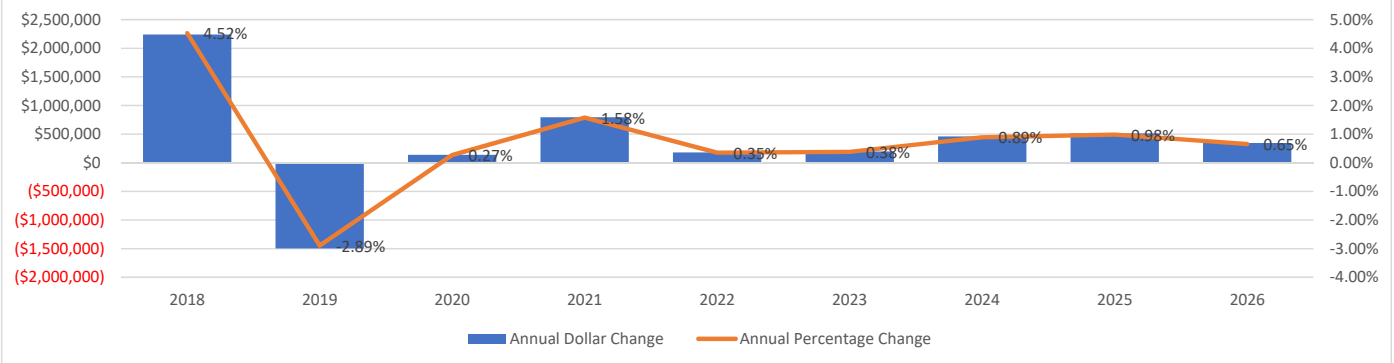
guarantee district in FY 2022.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



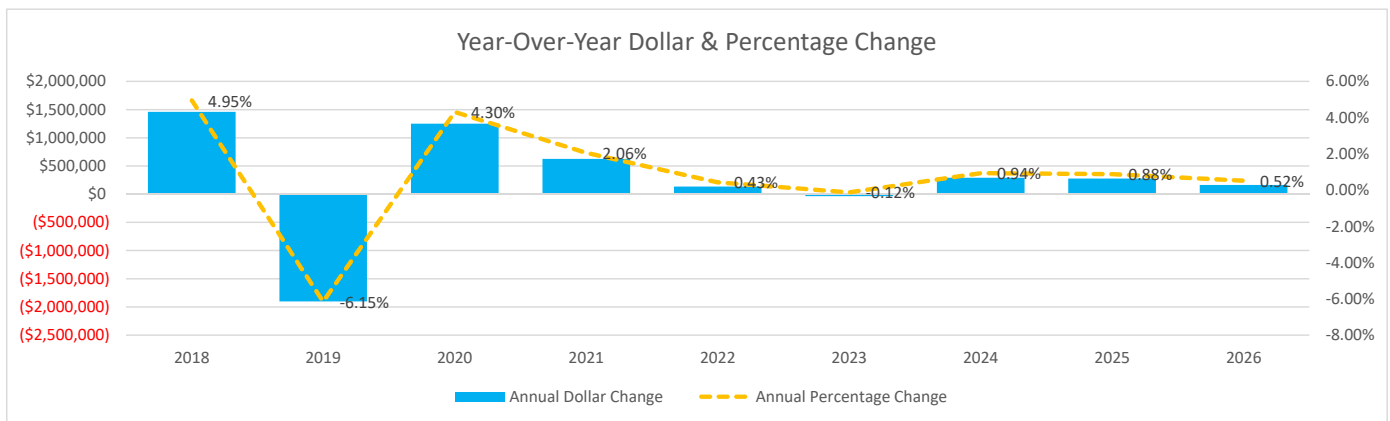
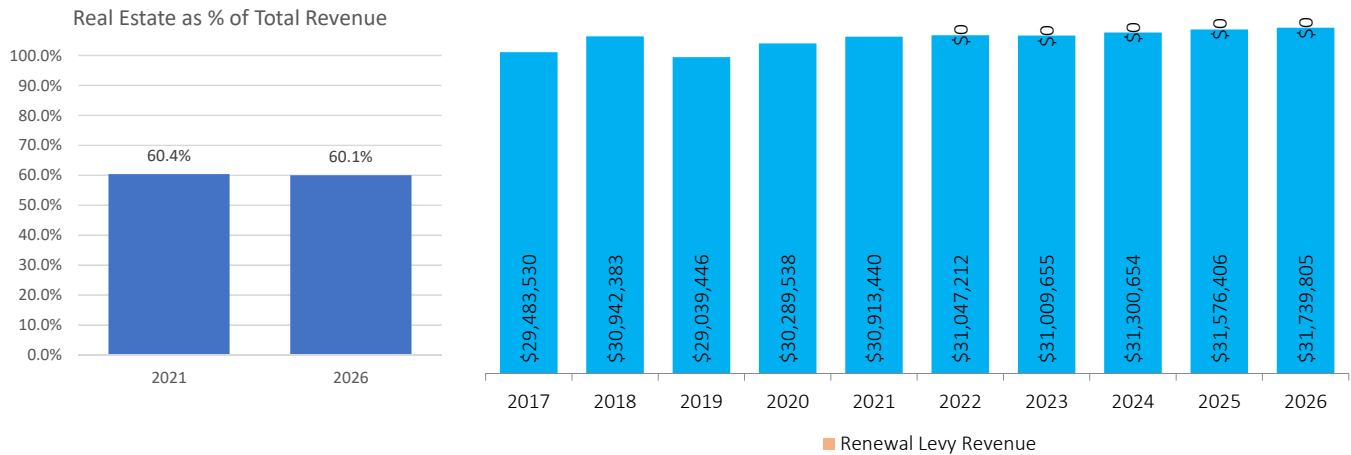
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue decreased -0.37% or -\$188,972 annually during the past five years and is projected to increase 0.65% or \$337,615 annually through FY2026. All Othr Op Rev has the most projected average annual variance compared to the historical average at \$229,053
Real Estate	(\$9,648)	\$165,273	\$174,921	
Public Utility	(\$22,272)	\$98,581	\$120,854	
Income Tax	\$0	\$0	\$0	
State Funding	(\$147,854)	\$13,363	\$161,217	
Prop Tax Alloc	\$11,352	\$19,948	\$8,596	
All Othr Op Rev	(\$152,095)	\$76,958	\$229,053	
Other Sources	\$131,545	(\$36,509)	(\$168,054)	
Total Average Annual Change	(\$188,972)	\$337,615	\$526,587	
	-0.37%	0.65%	1.02%	

Note: Expenditure average annual change is projected to be > \$1,720,917 On an annual average basis, expenditures are projected to grow faster than revenue.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



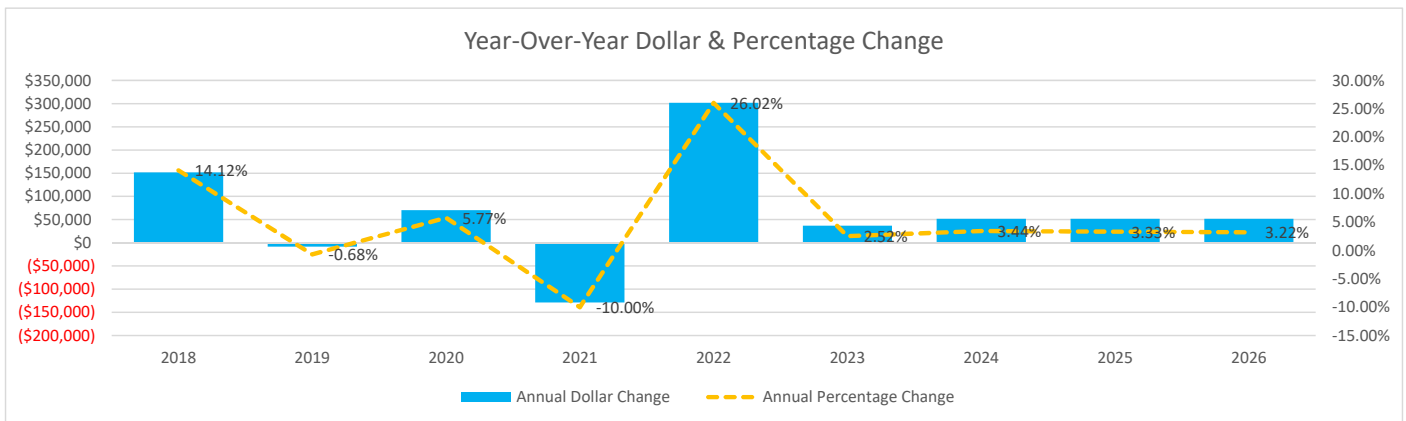
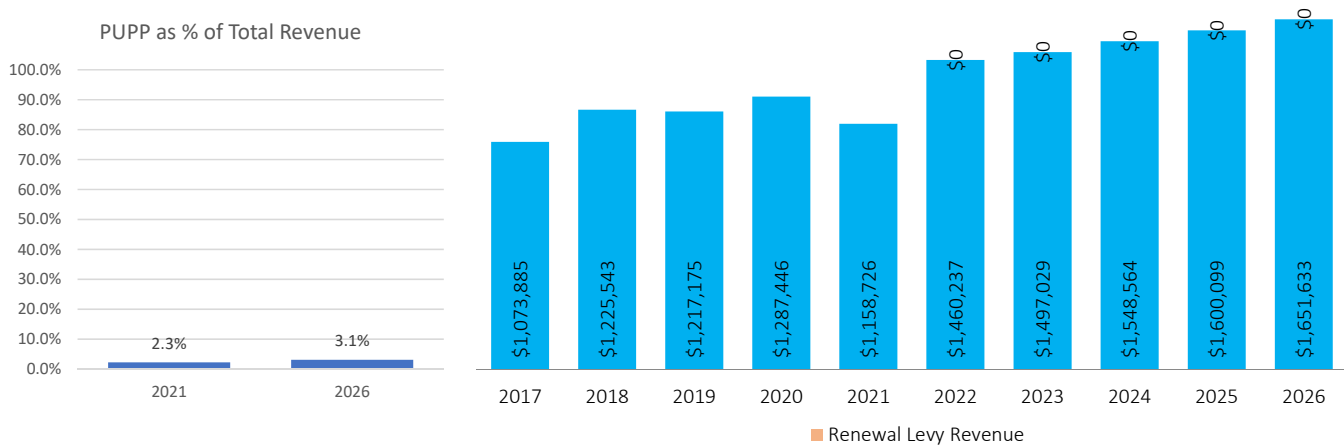
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2020	942,978,880	73,554,820	37.02	-	38.16	-	99.9%
2021	950,170,381	7,191,501	36.78	(0.25)	37.31	(0.85)	99.0%
2022	957,403,919	7,233,538	36.76	(0.02)	36.70	(0.61)	99.0%
2023	1,020,102,172	62,698,253	34.89	(1.87)	35.34	(1.36)	99.0%
2024	1,026,787,172	6,685,000	34.87	(0.02)	35.13	(0.21)	99.0%
2025	1,032,447,172	5,660,000	34.85	(0.02)	35.03	(0.10)	99.0%

Real estate property tax revenue accounts for 60.42% of total revenue. Class I or residential/agricultural taxes make up approximately 93.82% of the real estate property tax revenue. The Class I tax rate is 36.78 mills in tax year 2021. The projections reflect an average gross collection rate of 99.0% annually through tax year 2025. The revenue changed at an average annual historical rate of -0.03% and is projected to change at an average annual rate of 0.53% through FY 2026.

*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



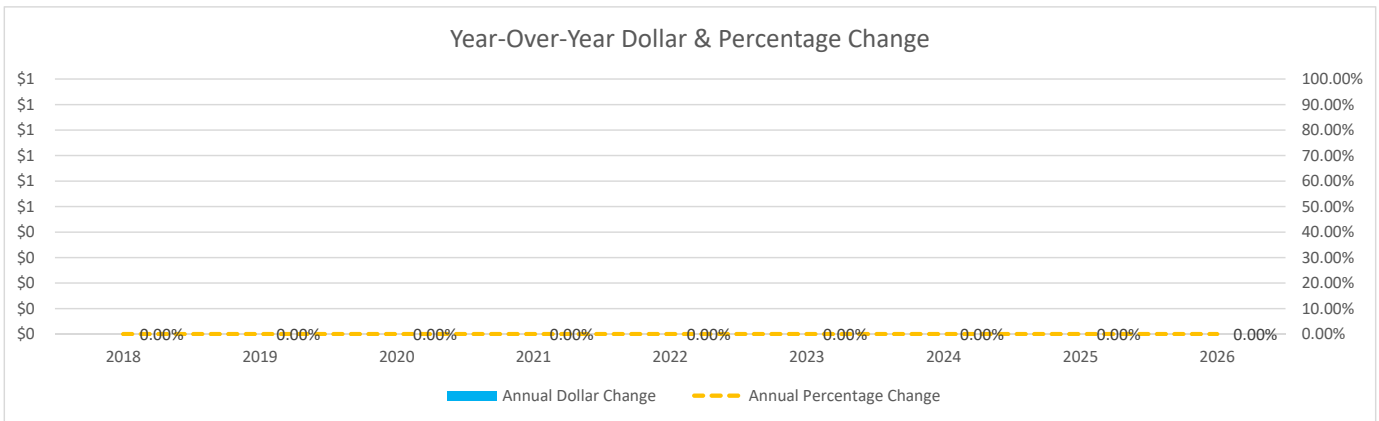
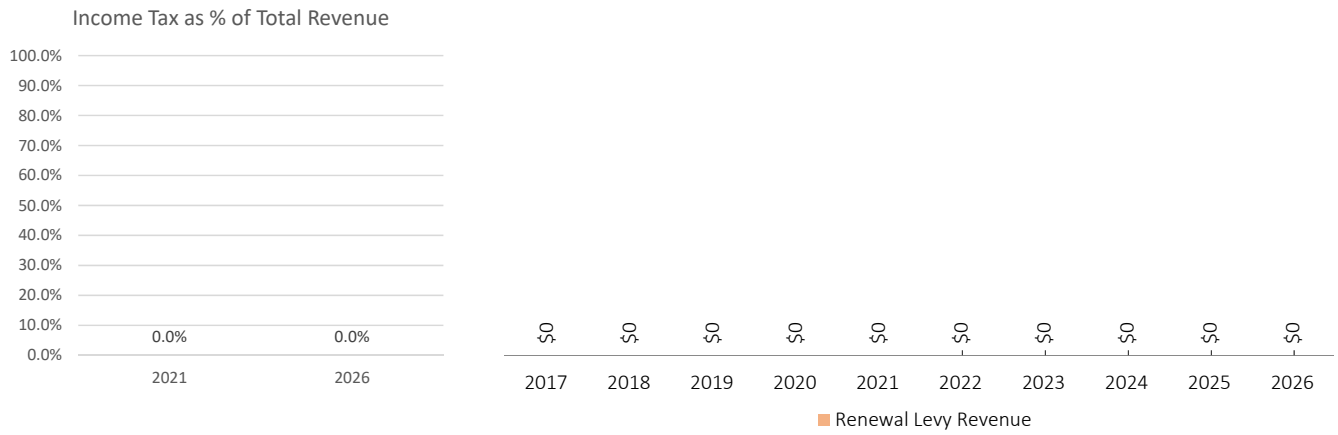
Values and Tax Rates					Gross Collection Rate
Tax Year	Valuation	Value Change	Full Voted Rate	Change	Including Delinquencies
2020	19,284,290	1,764,880	75.34	-	99.7%
2021	19,984,290	700,000	75.11	(0.23)	99.7%
2022	20,684,290	700,000	75.11	-	98.0%
2023	21,384,290	700,000	75.11	-	98.0%
2024	22,084,290	700,000	75.11	-	98.0%
2025	22,784,290	700,000	75.11	-	98.0%

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 2.26% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2021 is 75.11 mills. The forecast is modeling an average gross collection rate of 98.36%. The revenue changed historically at an average annual dollar amount of -\$22,272 and is projected to change at an average annual dollar amount of \$98,581 through FY 2026.

*Projected % trends include renewal levies

1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

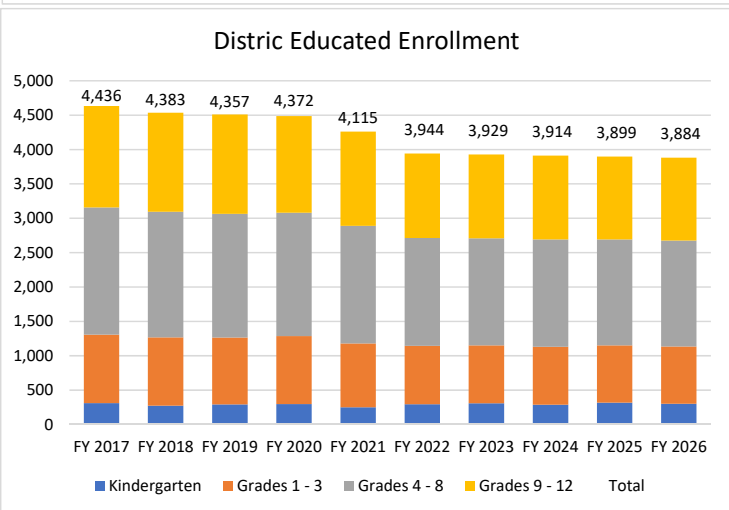
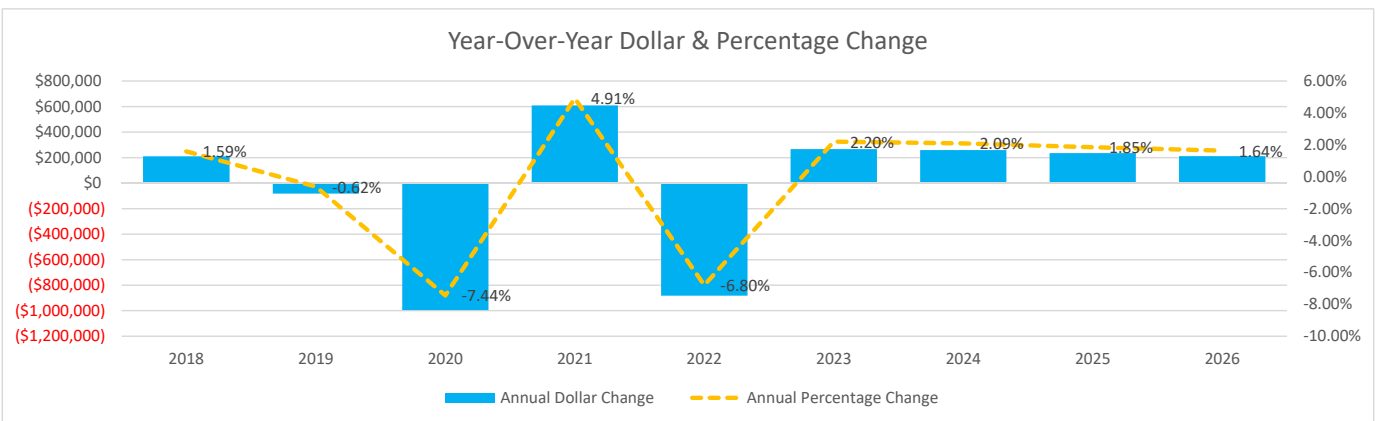
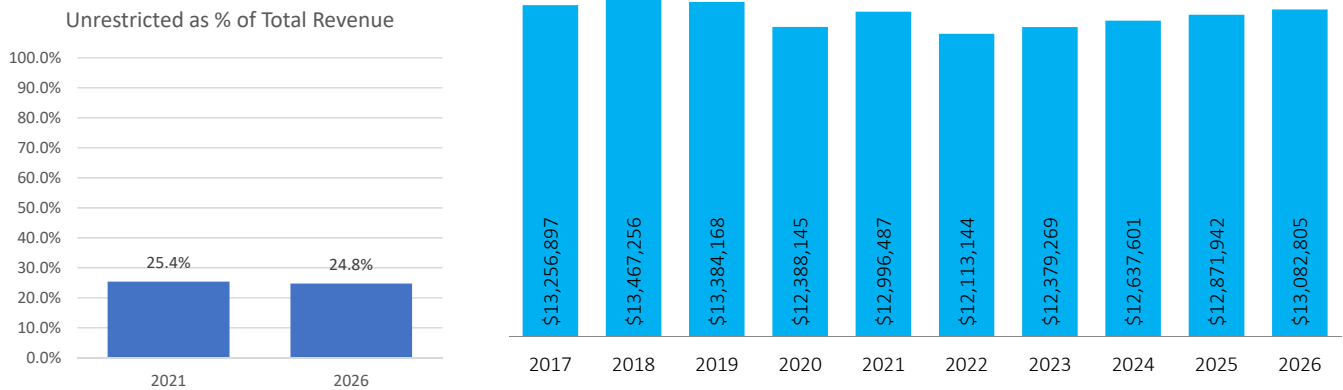


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



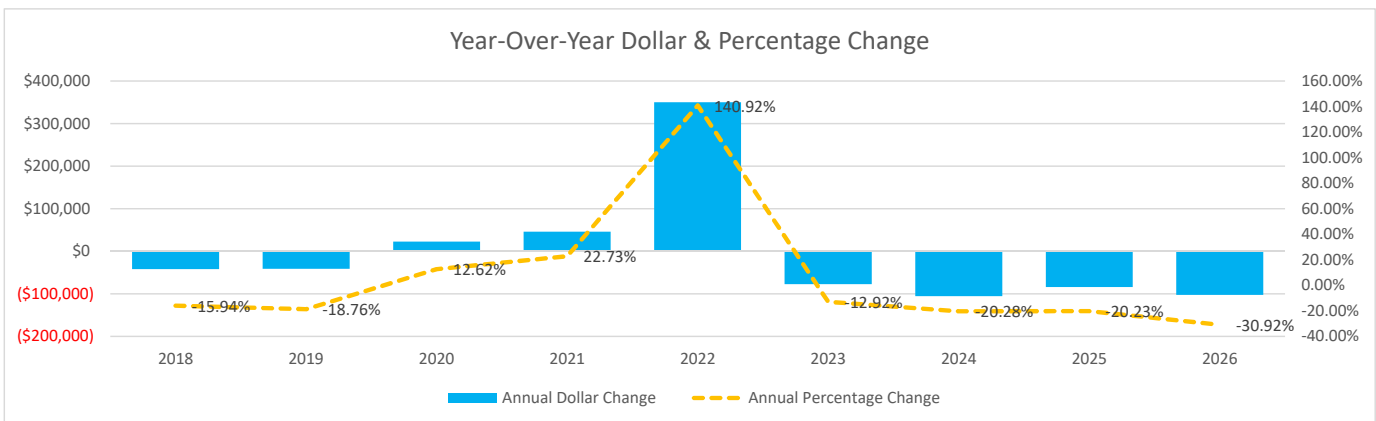
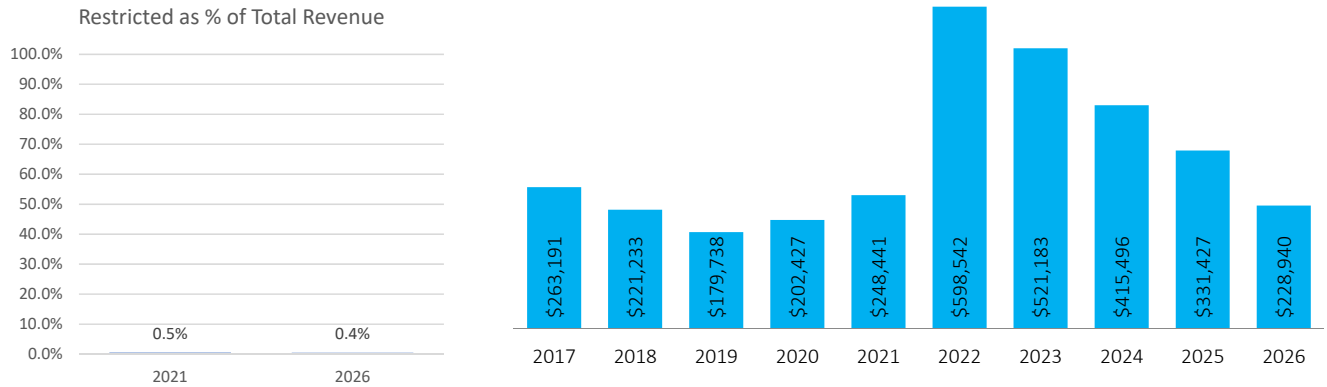
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

For Loveland City School District the calculated Base Cost total is \$30,920,243 in FY 2022. The state's share of the calculated Base Cost total is \$4,370,386 or \$1,108 per pupil.

The FSFP change to district educated enrollment will reduce funded enrollment but also potentially reduce tuition cost. In FY 2021, the district had approximately \$1,229,337 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

1.040 & 1.045 - Restricted Grants-in-Aid

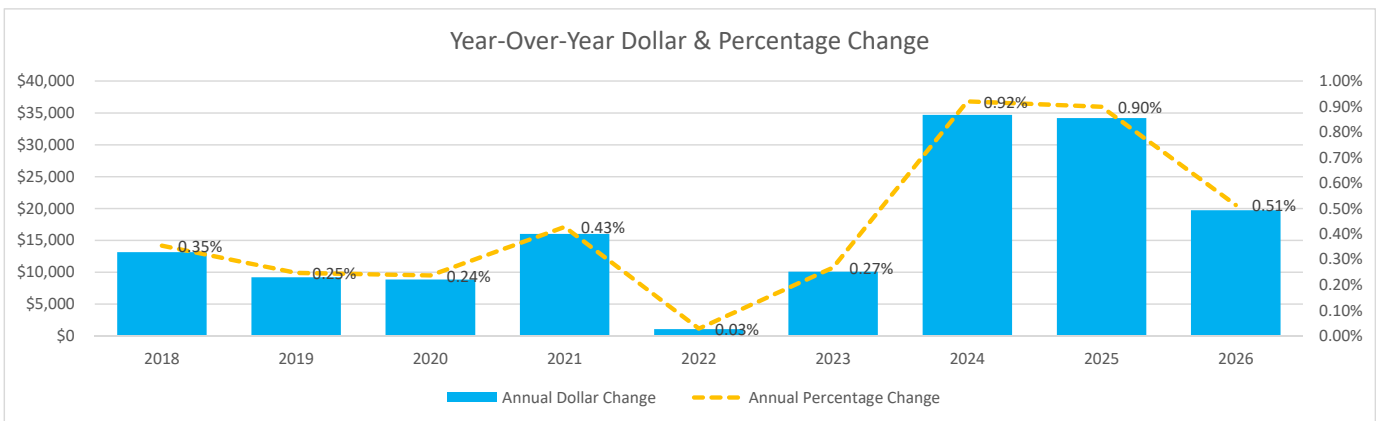
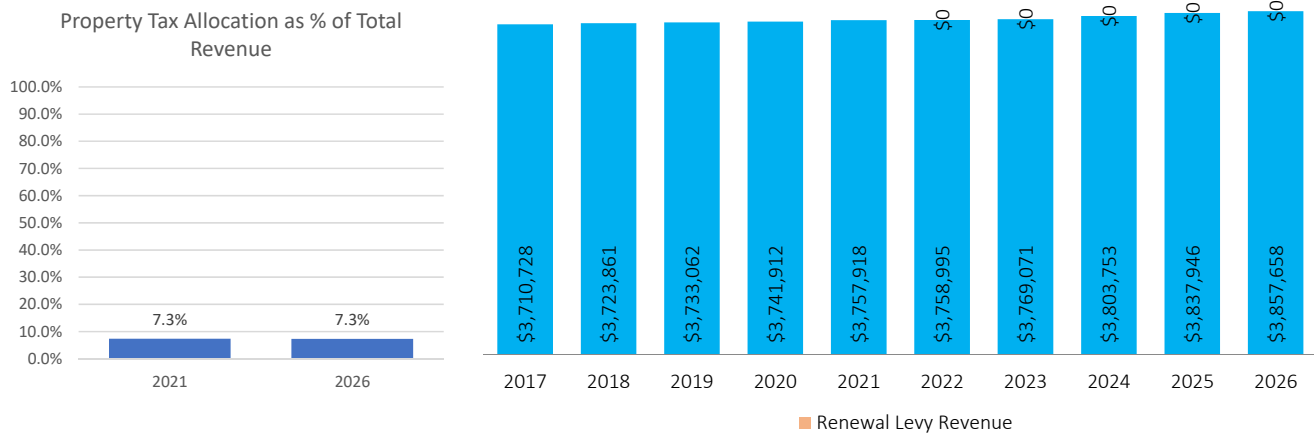
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$9,069 and is projected to change annually on average by -\$3,900. Restricted funds represent 0.49% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$424,432. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.

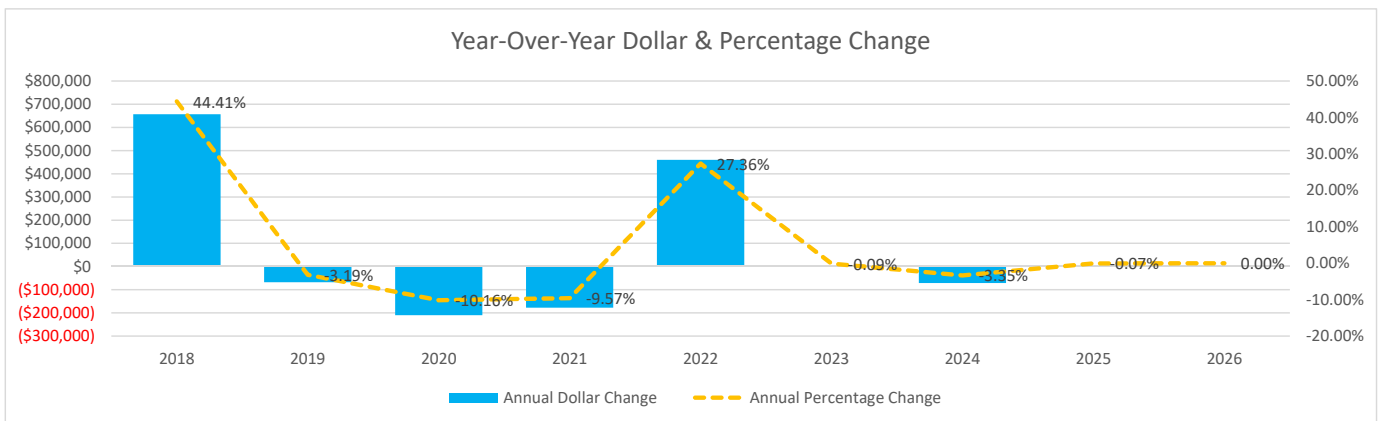
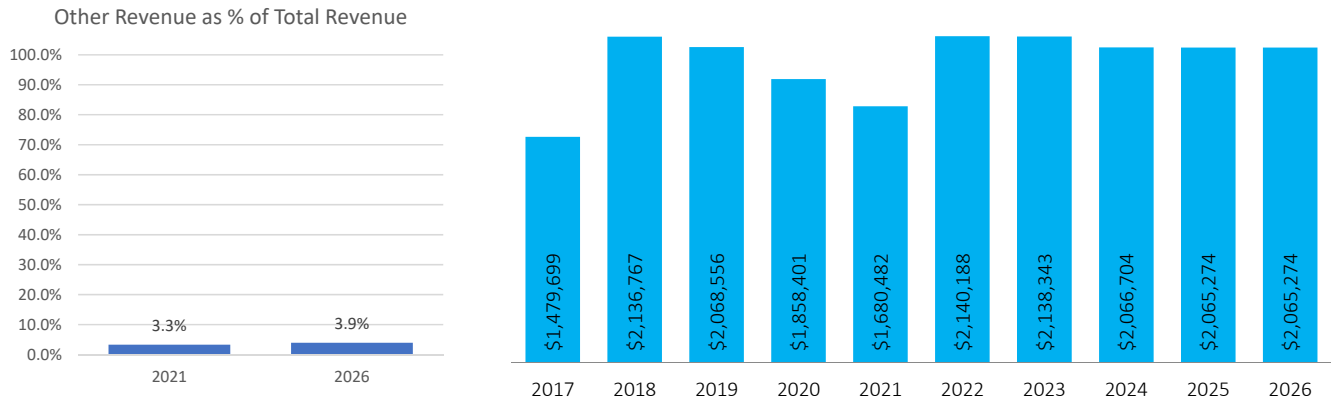


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2022, approximately 10.6% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.0% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

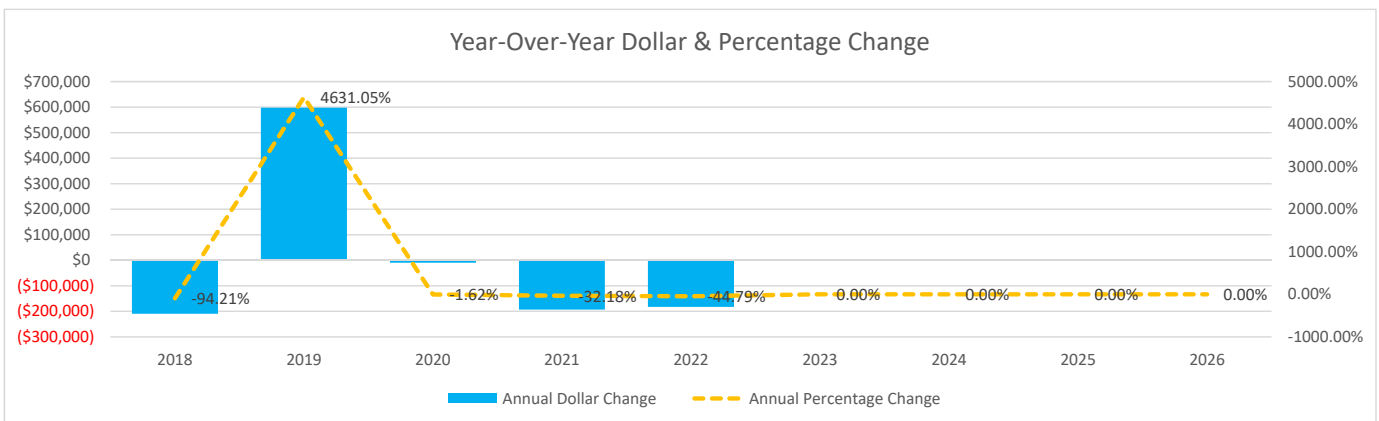
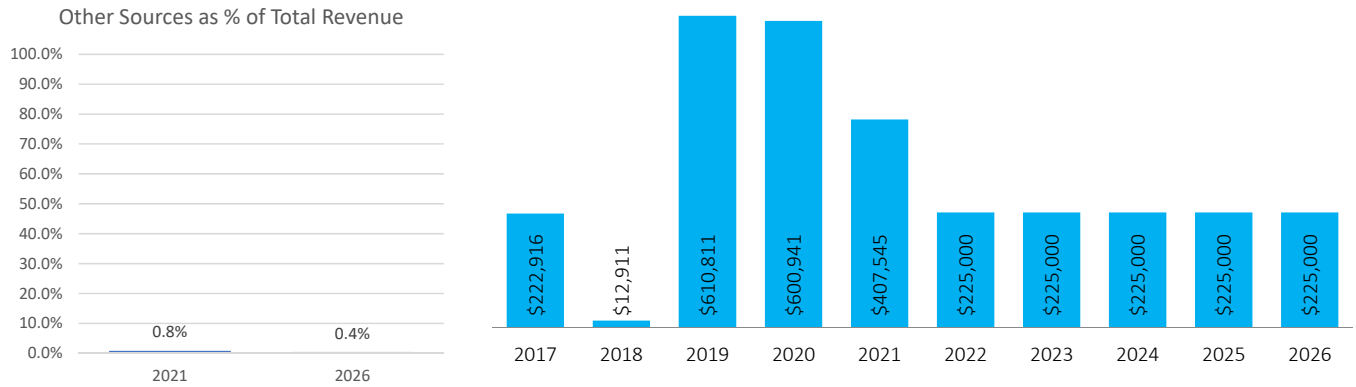
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$152,095. The projected average annual change is \$76,958 through FY 2026. The FSFP includes per pupil funding for any open enrollment in students the district is educating. This revenue, if any, was recorded in 'other revenue' prior to FY 2022. Fiscal year 2022 and beyond will not include any open enrollment in revenue. The district posted revenue code 1227 open enrollment in revenue of \$722 in FY 2021.

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

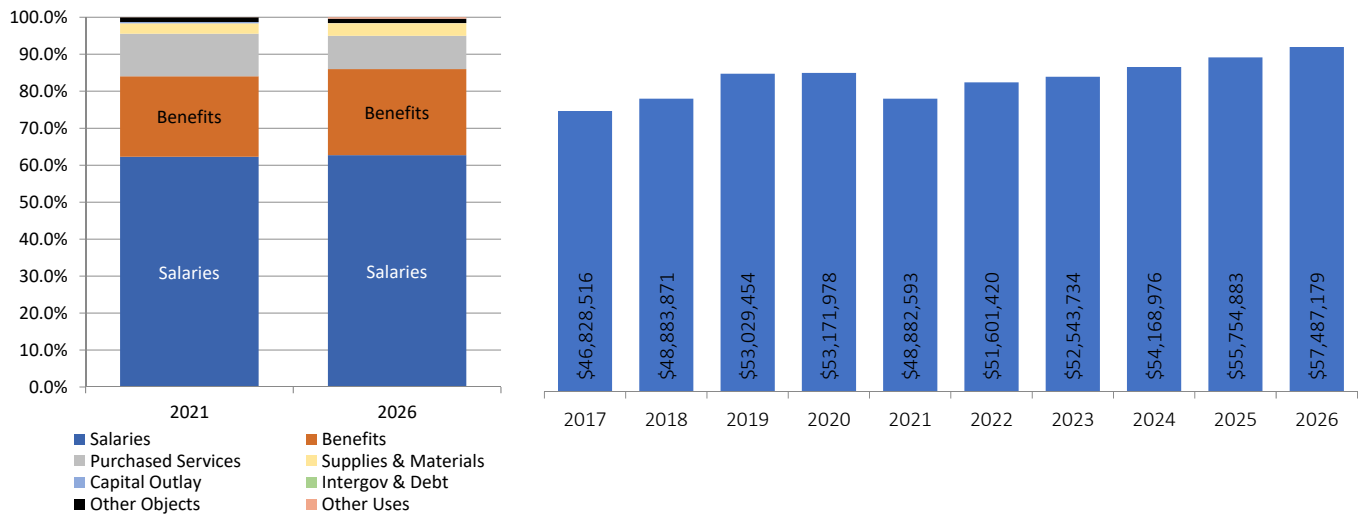


	2021	2022	2023	FORECASTED		
				2024	2025	2026
Transfers In	-	-	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	407,545	225,000	225,000	225,000	225,000	225,000

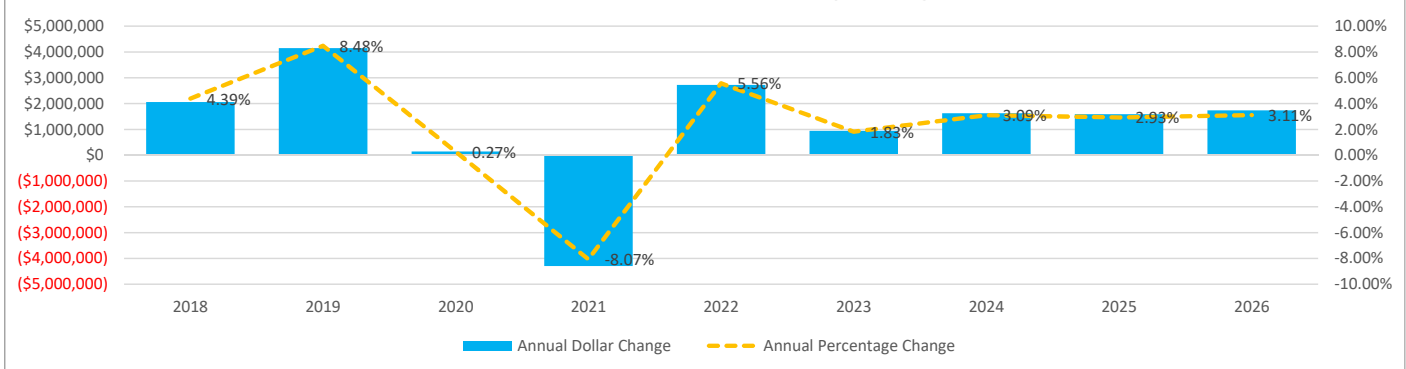
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2021 the district received \$0 as advances-in and is projecting advances of \$0 in FY 2022. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$225,000 in FY 2022 and average \$225,000 annually through FY 2026.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

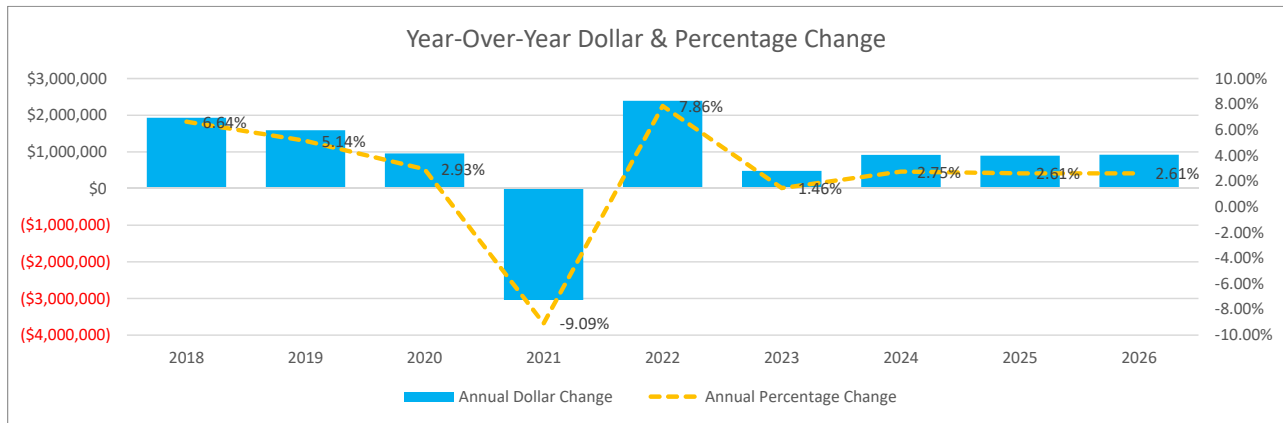
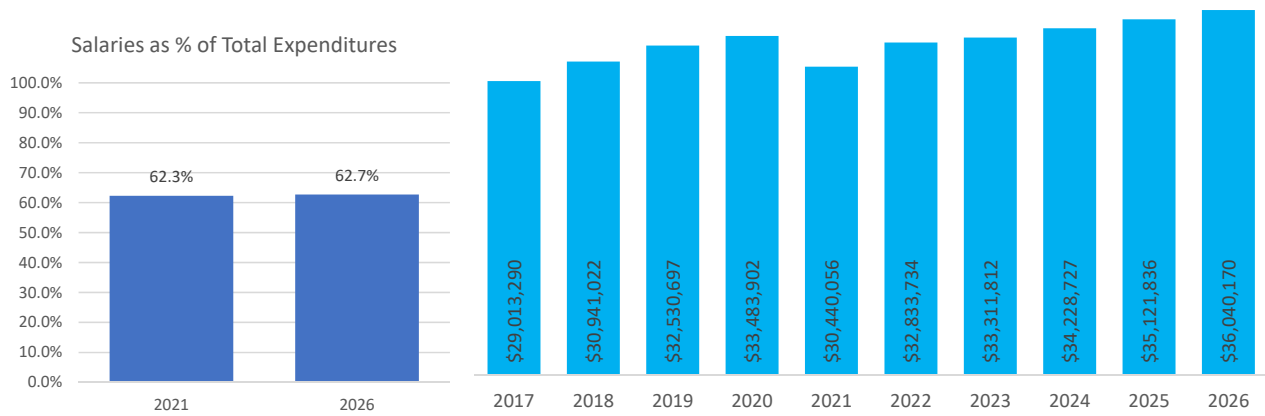
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures decreased 0.00% or -\$426 annually during the past five years and is projected to increase 3.52% or \$1,720,917 annually through FY2026. Salaries has the largest projected average annual variance compared to the historical average at \$1,287,012.
Salaries	(\$166,989)	\$1,120,023	\$1,287,012	
Benefits	\$209,344	\$550,259	\$340,915	
Purchased Services	\$165,467	(\$88,483)	(\$253,950)	
Supplies & Materials	(\$111,738)	\$114,776	\$226,514	
Capital Outlay	(\$64,375)	(\$31,357)	\$33,018	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	(\$32,134)	\$17,944	\$50,078	
Other Uses	\$0	\$37,755	\$37,755	
Total Average Annual Change	(\$426)	\$1,720,917	\$1,721,343	
	0.00%	3.52%	3.52%	

Note: Expenditure average annual change is projected to be > \$1,720,917

On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

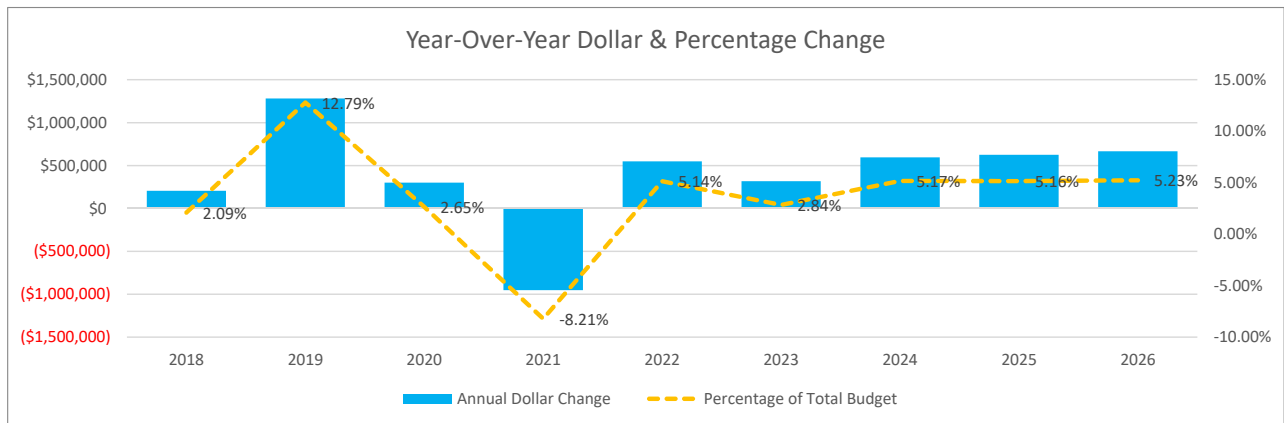
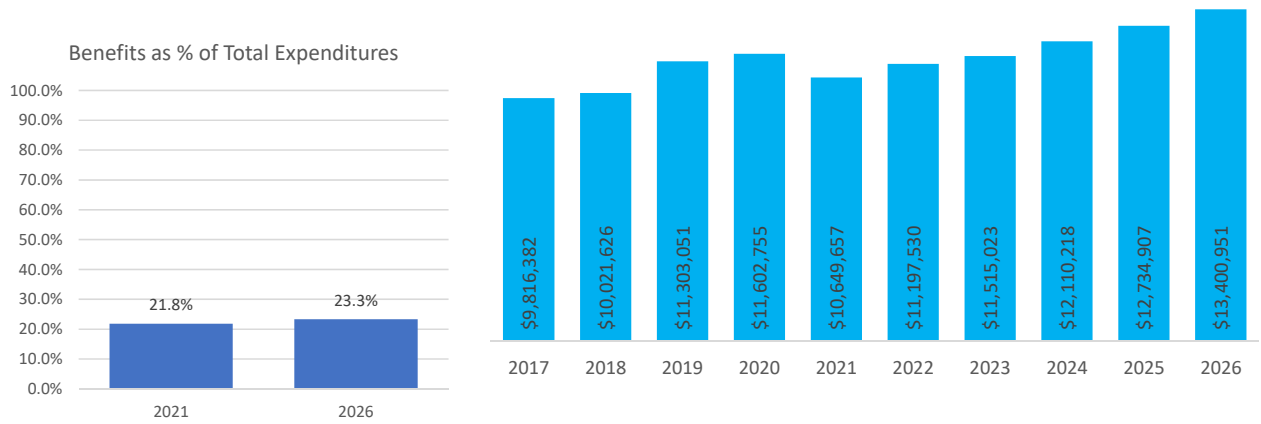
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 62.27% of total expenditures and decreased at a historical average annual rate of -0.52% or -\$166,989. This category of expenditure is projected to grow at an annual average rate of 3.26% or \$1,120,023 through FY 2026. The projected average annual rate of change is 3.78% more than the five year historical annual average.

3.020 - Employees' Benefits

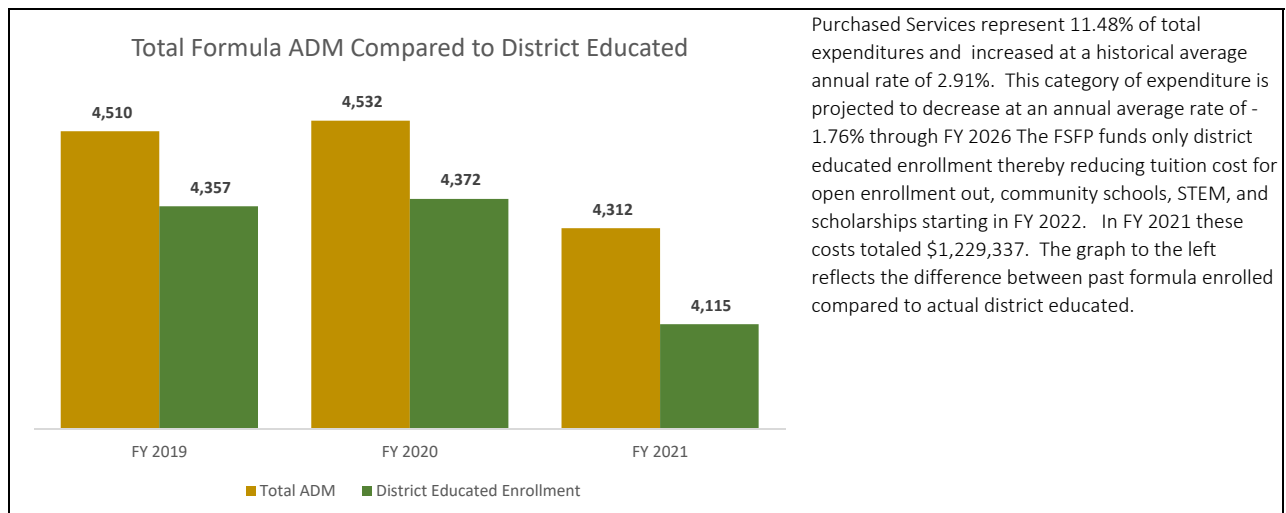
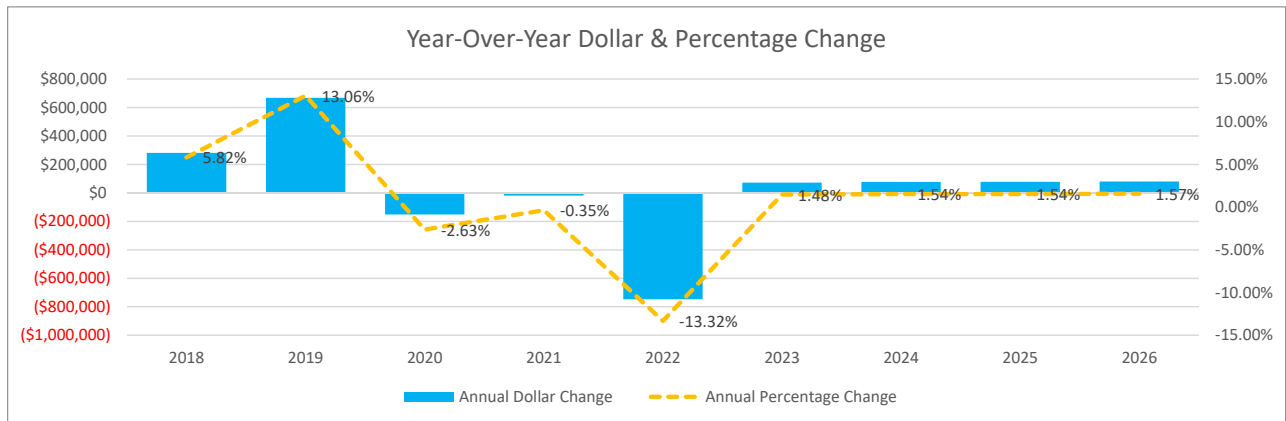
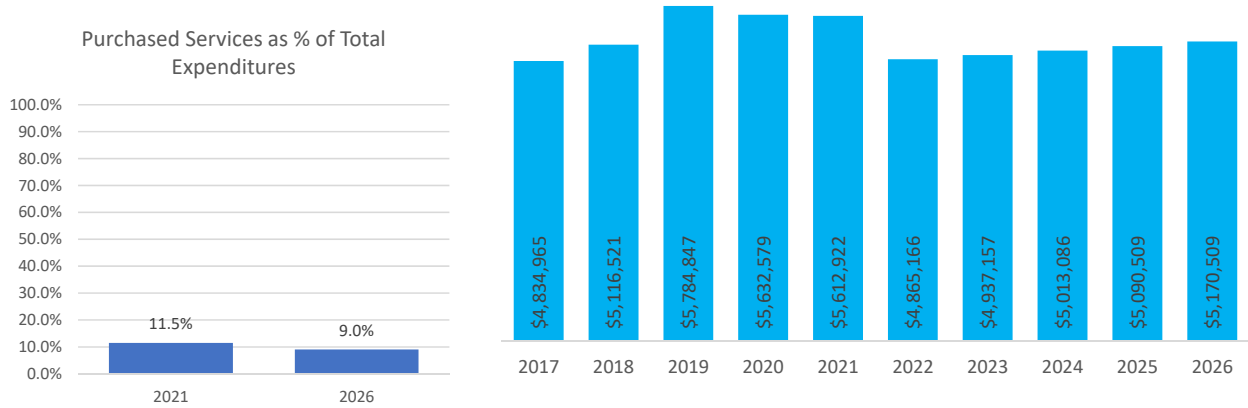
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 21.79% of total expenditures and increased at a historical average annual rate of 1.87%. This category of expenditure is projected to grow at an annual average rate of 4.51% through FY 2026. The projected average annual rate of change is 2.64% more than the five year historical annual average.

3.030 - Purchased Services

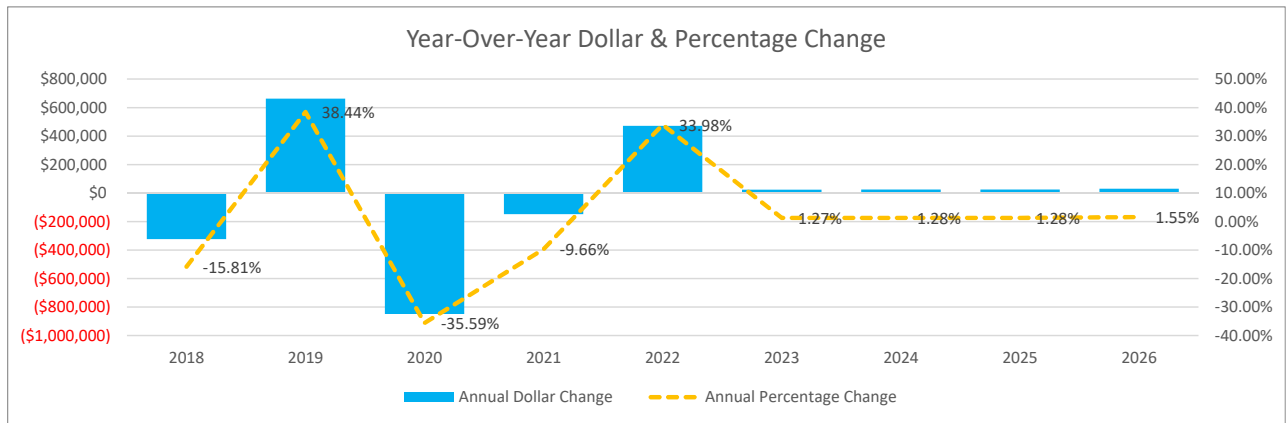
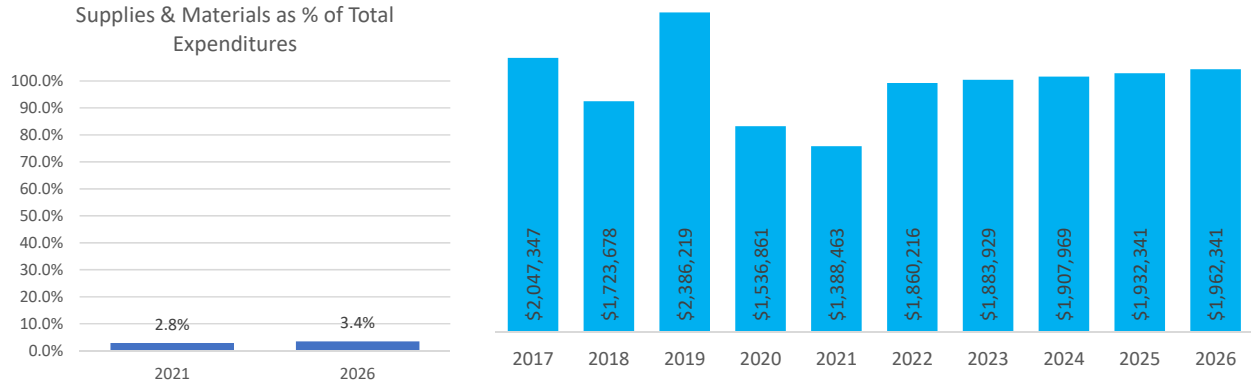
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 11.48% of total expenditures and increased at a historical average annual rate of 2.91%. This category of expenditure is projected to decrease at an annual average rate of -1.76% through FY 2026. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$1,229,337. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.

3.040 - Supplies & Materials

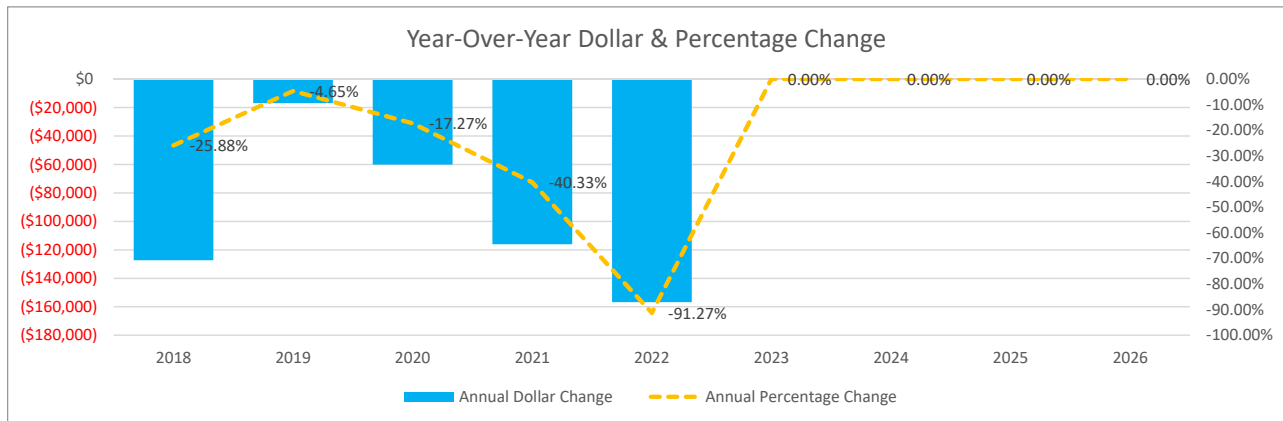
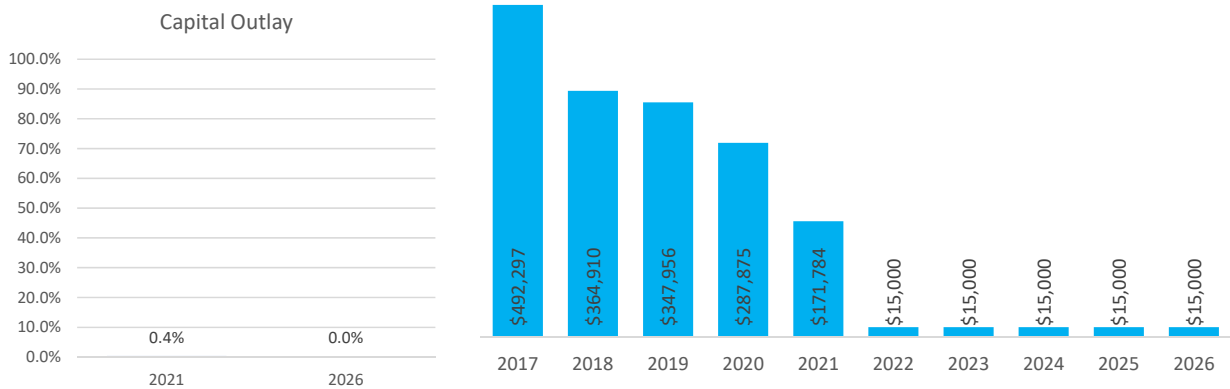
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 2.84% of total expenditures and decreased at a historical average annual rate of -6.31%. This category of expenditure is projected to grow at an annual average rate of 6.01% through FY 2026. The projected average annual rate of change is 12.32% more than the five year historical annual average.

3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.

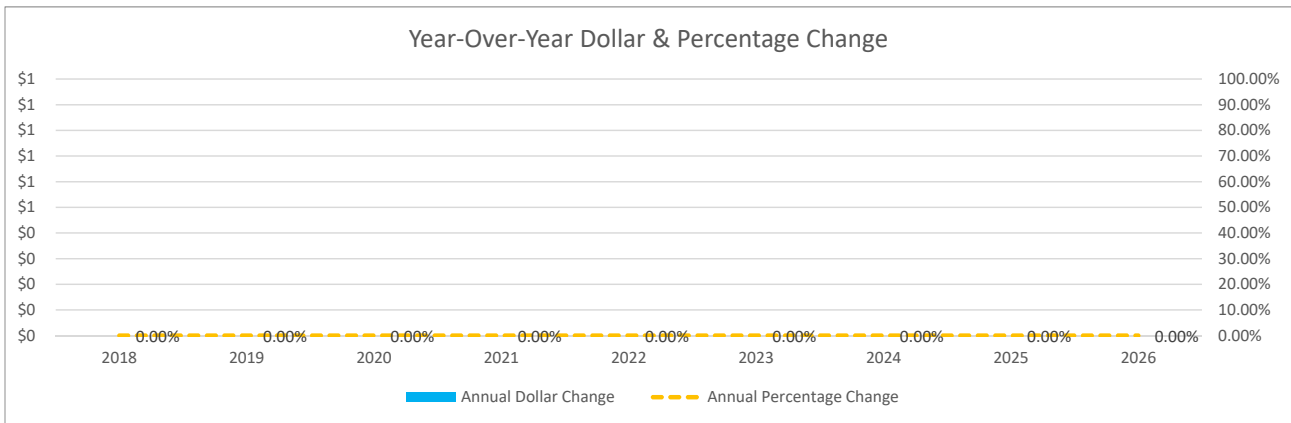
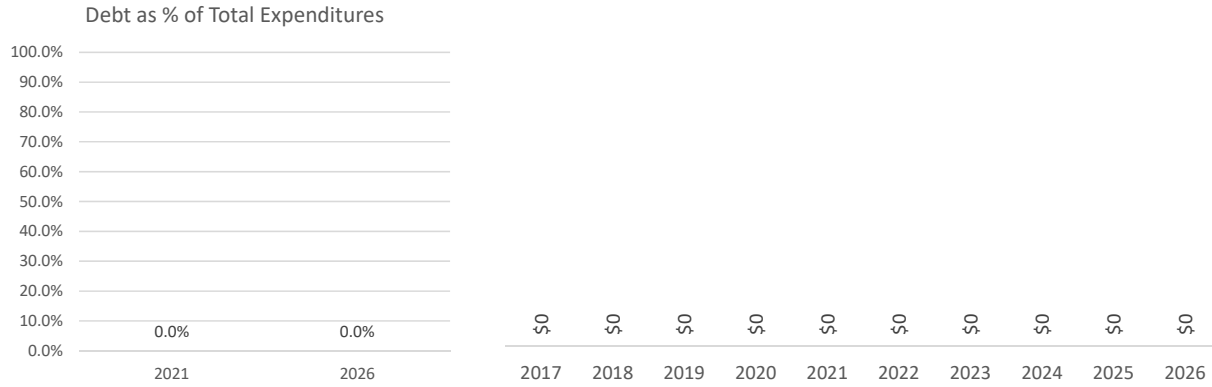


Capital Outlay represent 0.35% of total expenditures and decreased at a historical average annual amount of -\$64,375. This category of expenditure is projected to decrease at an annual average rate of -\$31,357 through FY 2026. The projected average annual change is less than the five year historical annual average.

These expenditures are projected to come from the Permanent Improvement Fund through the Forecast period.

3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.

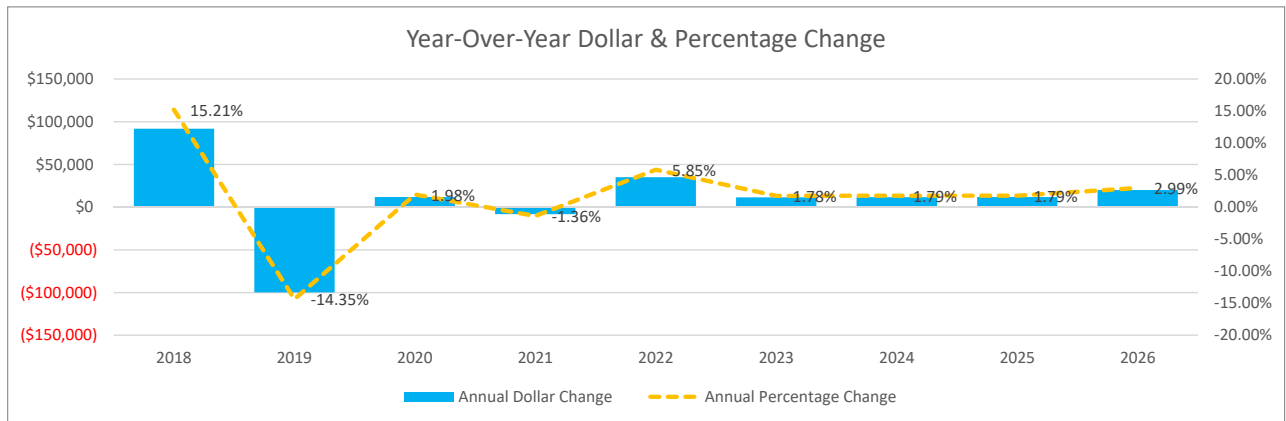
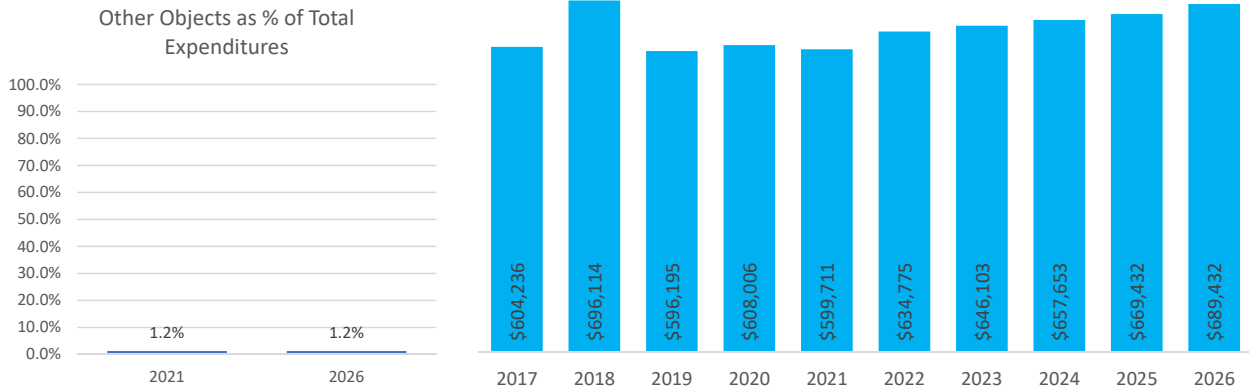


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

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4.300 - Other Objects

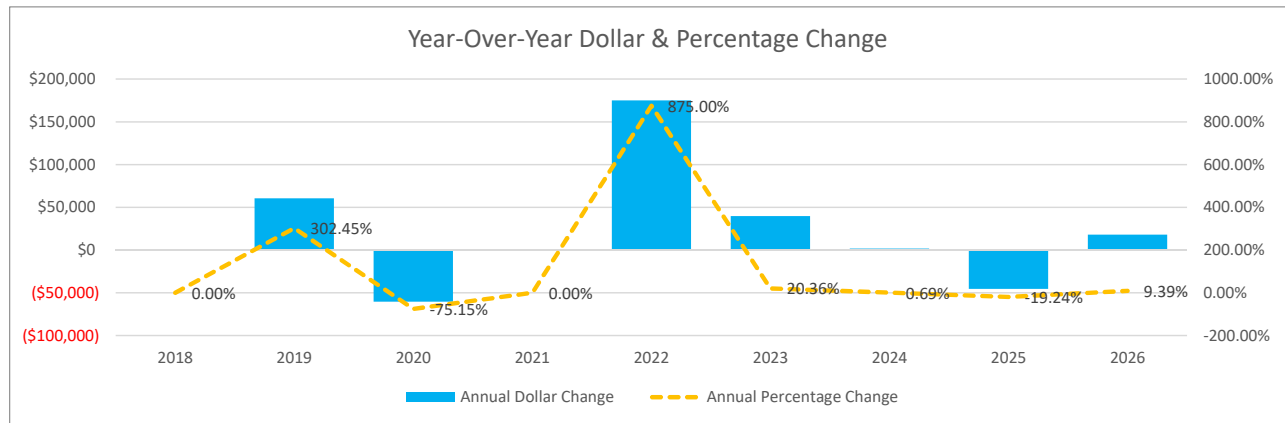
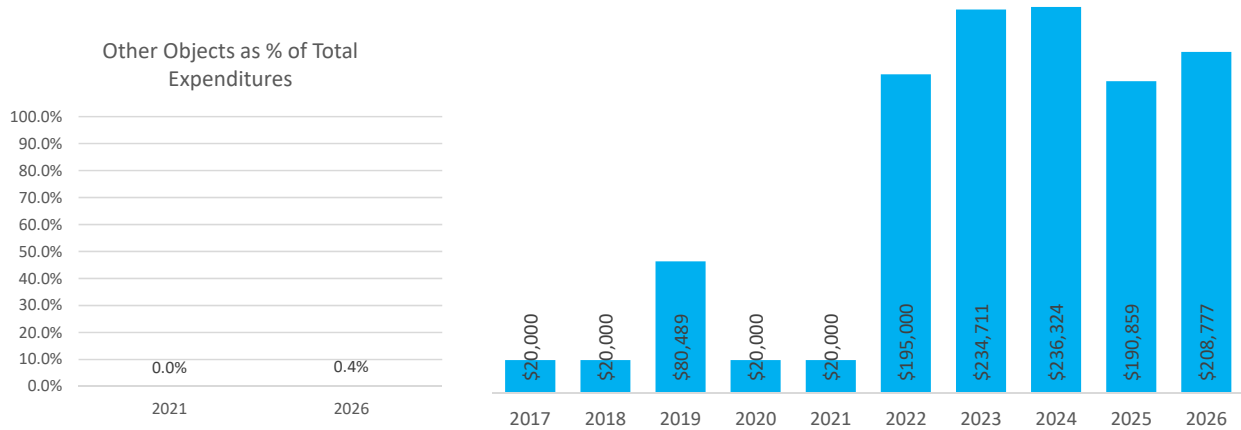
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.23% of total expenditures and decreased at a historical average annual rate of -5.34%. This category of expenditure is projected to grow at an annual average rate of 2.72% through FY 2026. The projected average annual rate of change is 8.07% more than the five year historical annual average.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	2021	FORECASTED				
		2022	2023	2024	2025	2026
Transfers Out	20,000	195,000	234,711	236,324	190,859	208,777
Advances Out	-	-	-	-	-	-
Other Financing Uses	-	-	-	-	-	-

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2021 the district had no advances-out and has no advances-out forecasted through FY 2026. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2026. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Loveland City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2021	2022	2023	2024	2025	2026
Revenue:						
1.010 - General Property Tax (Real Estate)	30,913,440	31,047,212	31,009,655	31,300,654	31,576,406	31,739,805
1.020 - Public Utility Personal Property	1,158,726	1,460,237	1,497,029	1,548,564	1,600,099	1,651,633
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	12,996,487	12,113,144	12,379,269	12,637,601	12,871,942	13,082,805
1.040 - Restricted Grants-in-Aid	248,441	598,542	521,183	415,496	331,427	228,940
1.050 - Property Tax Allocation	3,757,918	3,758,995	3,769,071	3,803,753	3,837,946	3,857,658
1.060 - All Other Operating Revenues	1,680,482	2,140,188	2,138,343	2,066,704	2,065,274	2,065,274
1.070 - Total Revenue	50,755,494	51,118,318	51,314,550	51,772,772	52,283,094	52,626,115
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	407,545	225,000	225,000	225,000	225,000	225,000
2.070 - Total Other Financing Sources	407,545	225,000	225,000	225,000	225,000	225,000
2.080 - Total Rev & Other Sources	51,163,039	51,343,318	51,539,550	51,997,772	52,508,093	52,851,114
Expenditures:						
3.010 - Personnel Services	30,440,056	32,833,734	33,311,812	34,228,727	35,121,836	36,040,170
3.020 - Employee Benefits	10,649,657	11,197,530	11,515,023	12,110,218	12,734,907	13,400,951
3.030 - Purchased Services	5,612,922	4,865,166	4,937,157	5,013,086	5,090,509	5,170,509
3.040 - Supplies and Materials	1,388,463	1,860,216	1,883,929	1,907,969	1,932,341	1,962,341
3.050 - Capital Outlay	171,784	15,000	15,000	15,000	15,000	15,000
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	599,711	634,775	646,103	657,653	669,432	689,432
4.500 - Total Expenditures	48,862,593	51,406,420	52,309,023	53,932,652	55,564,024	57,278,402
Other Financing Uses						
5.010 - Operating Transfers-Out	20,000	195,000	234,711	236,324	190,859	208,777
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	20,000	195,000	234,711	236,324	190,859	208,777
5.050 - Total Exp and Other Financing Uses	48,882,593	51,601,420	52,543,734	54,168,976	55,754,883	57,487,179
6.010 - Excess of Rev Over/(Under) Exp	2,280,445	(258,102)	(1,004,184)	(2,171,204)	(3,246,790)	(4,636,065)
7.010 - Cash Balance July 1 (No Levies)	12,341,652	14,622,098	14,363,995	13,359,811	11,188,607	7,941,818
7.020 - Cash Balance June 30 (No Levies)	14,622,098	14,363,995	13,359,811	11,188,607	7,941,818	3,305,753
Reservations						
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	14,622,098	14,363,995	13,359,811	11,188,607	7,941,818	3,305,753
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	14,622,098	14,363,995	13,359,811	11,188,607	7,941,818	3,305,753
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	14,622,098	14,363,995	13,359,811	11,188,607	7,941,818	3,305,753

